

## House Republican Press Release

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### **Rep. Hovey to Propose Measure to Prohibit Unsolicited Consumer Credit Offers**



Credit companies doing business in Connecticut would be prohibited from making unsolicited offers to college students and other consumers under legislation state Representative DebraLee Hovey, R-112<sup>th</sup> District, intends to propose.

“Credit companies who for years have enticed college students and other Connecticut consumers with unsolicited credit card and loan offers have been at least partially responsible for exacerbating the personal debt crisis that has been building in the United States for decades,” Representative Hovey said. “While most 18- to 25-year-olds use credit cards responsibly and are cautious about taking on new debt, many view credit cards as a source of ready cash and become over-extended and deeply in debt. Many of them get behind on their payments and are forced to take out new loans to pay off their credit card bills. Some are even forced to declare personal bankruptcy to protect their assets from creditors.”

“This is a real tragedy for young people in their mid- to late-20’s,” Representative Hovey said. “It can destroy credit ratings; impugn reputations and destroy marriages. In addition, consumer credit companies and banks that approve too many credit cards or loans to people with bad credit histories can go under if enough borrowers default on their payments. Many such problems originate with individuals who receive unsolicited credit card offers, apply for them and are approved – unaware they will be paying usurious interest rates on unsecured loans and who fail to take into account their ability to repay them.”

“Unsolicited credit offers also constitute an open invitation to identity theft and fraud. Too many people who receive unsolicited credit offers in the mail simply throw them away unopened leaving themselves vulnerable to criminals who go through trash barrels searching for discarded credit offers. They then fill out the applications, send them in, are routinely approved, bilk consumer credit companies for millions and destroy the credit ratings of thousands of unsuspecting people who received the unwanted mail in the first place,” Representative Hovey said.

“While people who apply for loans or credit cards clearly are responsible for making their payments on time, consumer credit companies and banks also need to be more

circumspect about who they solicit and approve for loans or credit cards,” Representative Hovey said. “If they are prohibited from making unsolicited credit offers, thousands of Connecticut residents, many of them vulnerable young people, will not be tempted to take on debt they will later regret. Taking out a loan or applying for a credit card represents a major commitment on the part of both the borrower and the lender. While the process should not be excessively restrictive, both parties need to be fully aware of the risks involved before the transaction is consummated. My proposal will help consumers avoid assuming debt they will be unable to repay; protect banks and consumer credit companies from defaults on risky loans; and reduce the incidence of identity theft and credit fraud.”

Representative Hovey’s proposal would prohibit consumer credit companies doing business in Connecticut from making unsolicited credit offers, subject to a fine of 20 percent of the amount of the credit offered. The fine would be doubled if such credit offers were made to persons aged 18 to 21.